

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	
	)	
v.	)	CRIMINAL NO.
	)	
JOHN PHILLIPS,	)	
	)	
Defendant.	)	

STATEMENT OF FACTS

If this matter were to proceed to trial, the United States would prove the following beyond a reasonable doubt:

**I. SCHEME TO DEFRAUD**

1. From mid to late 1997 and continuing through June 2003, the defendant, JOHN PHILLIPS, obtained the personal identifiers - including names, dates of birth, and social security numbers - of over 200 deceased individuals.
2. From mid to late 1997 until 1999, the defendant executed the scheme, discussed below, alone. Beginning in or about 1999, the defendant recruited a co-schemer to help him with his scheme.
3. The defendant and a co-schemer sought to identify deceased individuals who were not in the United States Social Security Death Index; their hope was that creditors would not be able to determine that the individuals were deceased, and thus the co-schemers would be able to obtain credit cards in the names of the deceased individuals.

4. The defendant and a co-schemer identified the names of deceased individuals by looking in the newspaper or on the internet.
5. The defendant first requested death certificates for the individuals from the county in which the individuals had died, and then he requested duplicate social security cards from the United States Social Security Administration.
6. The defendant obtained birth certificates for the individuals by sending letters to the county in which the persons were born. The defendant purported to be a genealogist and provided the individual's full name, date of birth, place of birth, mother's maiden name, and father's name. The defendant requested that the birth certificates be mailed to a co-schemer's house at 2915 Landover Street, Alexandria, Virginia, 22305.
7. The defendant and a co-schemer then picked certain individuals - whose personal identifiers had been obtained - as "projects" and developed their credit histories. This was accomplished, for example, by opening bank accounts in the project's name, obtaining secured (pre-paid) credit cards in the project's name, putting the phone or electricity bill at 2915 Landover Street in the project's name, and/or obtaining a driver's license or identification card in the project's name from the Virginia Department of

Motor Vehicles or the Maryland Motor Vehicle Administration. Alternatively, the defendant or a co-schemer made false driver's licenses or identification cards for some of the projects.

8. In an effort to develop credit, the defendant would add the project's name to a credit card account of someone with good credit (such as a relative of the defendant's). This "piggy backing" was done with the hope that the added individual (the project) would benefit from the existing account holder's good credit.
9. Projects that the defendant developed prior to his co-schemer joining the scheme included John Wells, George Peel and John Fils. The defendant declared bankruptcy in their names: John Wells (July 26, 1999 in Washington D.C.), George Peel (October 23, 1998 in Norfolk, VA), and John Fils (April 29, 1999 in Greenbelt, MD). Prior to declaring bankruptcy, the defendant accumulated charges in these projects' names.
10. The following are names of projects that the defendant and a co-schemer developed: Robert Anderson, Larry Davis, Eddie Hart, Carl Lilley, Michael Moser, John Neuenfeldt, Bobby Pittman, Jerry Ross, James Smith, Ronald Smith, Kenneth Templeton, Billie Walden, Loyd Webster, William Smith and Edward Kelly.

11. From his work computer, the defendant applied for credit cards in the names of the projects over the internet or over the telephone. The defendant would apply for numerous cards over a short time period. The defendant's hope was that the various credit card companies would simultaneously be issuing credit to the project without realizing that the project was running up credit with the various credit card companies. The defendant obtained cards for various projects from financial and other institutions, including the following: Bank One/First USA, MBNA, National City Bank, First National Bank of Omaha, Household Bank, American Express, Citibank, Chase, Fleet, Provident, Nordstrom's, Bank One, Home Depot, J.C. Penny, Lowe's, Bank of America, Discover and Target. The defendant and co-schemers obtained credit cards and home improvement loans from Home Depot. Additionally, the defendant and a co-schemer obtained a car loan in projects' names from financial institutions, including Chevy Chase Bank.
12. In or about 1997, the defendant had the fraudulent cards sent to various commercial mail receiving agencies. In or about 1999, the defendant essentially stopped using the commercial mail receiving agencies because he thought that the credit card agencies would be suspicious of such addresses; the defendant believed that the credit card

companies maintain a database with the addresses of such agencies. Thus, the defendant wanted to use other locations as billing addresses for the fraudulent credit cards.

13. In or about December 2002 and early 2003, the defendant and his co-schemer recruited two others to participate in the scheme by, among other things, providing locations for the fraudulent credit cards to be sent. One co-schemer then tried to recruit another participant to use his house as a drop location.

14. Beginning in or about 1999, the defendant and co-schemers used the following billing addresses for the mailing addresses of the fraudulent credit cards: 354 Harrison Avenue, Berkley Springs, West Virginia; 2917 Landover Street, Alexandria, Virginia; 7321 Pinecastle Road in Falls Church, Virginia; 914 Montgomery, Alexandria, Virginia; 1529 Nanthahala Boulevard, Mount Pleasant, South Carolina; and 9413 Atwood Road, Vienna, Virginia. The house at 2917 Landover Street was a vacant house next door to where co-schemers lived prior to and up until June 2003. The 9413 Atwood Place address was next door to the defendant's residence. Some mail related to the scheme was sent to the defendant's residence.

15. From in or about May 2002, the defendant used projects' credit cards to obtain large amounts of cash by processing charges through a merchant account.
16. In or about May 2002, the defendant and a co-schemer obtained a merchant account from Concord Bank in the name of Loyd Webster Associates, and it was registered to 2917 Landover Street, Alexandria, Virginia. The merchant account was a virtual terminal, and the defendant and a co-schemer processed transactions on line through communications over the internet between the Eastern District of Virginia and other states.
17. The defendant and a co-schemer processed charges just under the fraudulent credit card dollar amount limits through the Loyd Webster merchant account. Concord Bank would then pay Loyd Webster Associates for the amounts charged to the projects' fraudulent credit cards, and these proceeds would be disbursed to Loyd Webster's bank account. The defendant would withdraw the money from the Loyd Webster's bank account.
18. In an effort to be able to make additional charges through Loyd Webster onto fraudulent credit cards, the defendant would make payments using bad checks or balance transfers. The defendant's hope was that the credit card company would credit them for the payment and that they would be able to

make another charge through Loyd Webster before the credit card company realized that the payment had been made with a bad check.

19. In an effort to obtain additional money, the defendant and co-schemers obtained loans from Home Depot, as mentioned above. The defendant and co-schemers would then convert the loans to gift cards and use the gift cards to buy things for their homes.
20. The defendant and co-schemers used some cards in the names of projects to make purchases at various merchant stores either at the store, over the internet or over the phone. Mail order purchases were sent to "drop" locations.
21. The defendant further used proceeds of the scheme to make home improvements to his home at 9417 Atwood Road, Vienna, Virginia; some mortgage payments for his home at 9417 Atwood Road, Vienna, Virginia; some car payments for a 1999 Lincoln Navigator, VIN 5LMPU28A2XLJ29502, and a 1998 Cadillac DeVille, VIN 1G6KD54Y6WU712267. The defendant deposited proceeds from the scheme into bank accounts under his control, including Morgan Stanley account #722 040029 044 in the name of John J. Phillips and Judith Phillips, and monies in Morgan Stanley account #722040029 in the name of John J. Phillips and Judith Phillips.

22. Additionally, the defendant obtained fraudulent driver's licenses from the Virginia Department of Motor Vehicles in names of projects, including Loyd Webster and John Neuenfeldt. The defendant presented the fraudulent Neuenfeldt Virginia driver's license in order to obtain a car loan from Chevy Case Bank, so that he could help buy a co-schemer a vehicle.
23. Further, the defendant or a co-schemer made fraudulent driver's licenses in the names of George Peel, John Fils, Billie Walden (2 different pictures), Eddie Hart, Robert Anderson, Jerry Ross, and Loyd Webster so that the defendant and co-schemers could have identification to use along with fraudulent credit cards.

## **II. Loss / Proceeds**

24. Defendant agrees that the above-mentioned scheme to commit access device fraud resulted in proceeds and intended loss of at least \$400,001.00.
25. Specifically, the loss is attributable to at least \$61,285.81 of charges on fraudulent credit cards in the names of the following deceased individuals: John Fils, George Peel, John Wells and Edward Kelly.
26. Further, the loss is attributable to the \$294,291.58, charged onto fraudulent credit cards through the Loyd Webster merchant account 1415-8017-1078-0031.



27. Further, the loss is attributable to the \$175,594.69 charged onto the following fraudulent credit cards to pay bills or make merchant charges (not including Loyd Webster) via in the store or over the telephone or internet:

Bank	Account Name	Account Number	Loss
Household	Larry Davis	5466 4100 0891 1312	\$5000
Household	Carl Lilley	5466 4100 0625 0986	\$7500
Household	John Neuenfeldt	5499 4409 1365 9288	\$500
Household	James Smith	5499 4409 1676 4264	\$1000
Household	Kenneth Templeton	5499 4410 0055 3274	\$3453.00
Household	Loyd Webster	5499 4410 0112 8902	\$930
Household	William Smith	5499 4409 1474 2890	\$1500
American Express	Bobby Pittman	3717 287680 31004	\$7,798.58
American Express	Jerry Ross	3715 701441 41002	\$44.95
American Express	Loyd Webster	3723 749338 11001	\$4500 Intended
Citibank	James Smith	5491 1303 0387 6650	\$2125
Citibank	Ronald Smith	5424 1807 5770 0635	\$996.70
Citibank	Kenneth Templeton	5424 1801 2333 4127	\$5583.00
Citibank	Billie Walden	5466 4600 7349 4203	\$317.99
Citibank	Loyd Webster	5466 1601 1784 4215	\$12460.08
Chase	James Smith	4225 8117 3011 4429	\$1252
Chase	Kenneth Templeton	5260 3162 1015 4484	\$8700
Providian	John Neuenfeldt	4559 50163 0065 8105	\$2901.35

Home Depot	Robert Anderson	9746 14 60798	\$6373.23
Home Depot	Jerry Ross	9241 1597 393 (credit card) 9746 2135 1120 (Home Improvement Loan)	\$3266.11 \$22,421.56
Home Depot	Ronald Smith	9746 1481 703 (Home Improvement Loan)	\$13051.94
Home Depot	Kenneth Templeton	7232 0134 739 (credit card)	\$449.51
Nordstrom	William Smith	4803 4900 0335 9449	\$1937.26
JC Penny	John Neuenfeldt	6008 8914 8346 7351	\$638.01
JC Penny	James Smith	6008 8914 8475 8220	\$1214.77
Lowe's	Bobby Pittman	C81923471171209	\$482.09
Bank of America	Larry Davis	4427 1030 1181 6591	\$4,991.63
Bank of America	Eddie Hart	4427 1030 0940 9250	\$7,963.72
Bank of America	John Neuenfeldt	4427 1080 0069 9792	\$13,000
Bank of America	Loyd Webster	4319 0400 0431 1571	\$5,000
Discover	John Neuenfeldt	6011 0037 7028 3859	\$19610
Discover	James Smith	6011 0030 8030 4330	\$2940
Discover	Kenneth Templeton	6011 0036 5066 0663	\$9850
Target	Kenneth Templeton	9960 1066 5130 071	\$300

Respectfully submitted,

Paul J. McNulty  
United States Attorney

By: \_\_\_\_\_  
Stephanie L. Bibighaus  
Assistant United States Attorney

Seen and Agreed:

\_\_\_\_\_  
John Phillips  
Defendant

\_\_\_\_\_  
David G. Barger  
Counsel for Defendant